

Message Text

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ACTION NEA-10

INFO OCT-01 IO-13 ISO-00 EUR-12 NEAE-00 CIAE-00
DODE-00 PM-05 H-01 INR-10 L-03 NSAE-00 NSC-05
PA-01 SP-02 SS-15 ICA-11 AID-05 EB-08 TRSE-00
STR-07 OMB-01 CEA-01 COME-00 FRB-03 XMB-02
OPIC-03 LAB-04 SIL-01 DOE-15 SOE-02 DOEE-00 SSO-00
/141 W

-----087184 111256Z /44

P R 111212Z JUL 78
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC PRIORITY 1385
INFO USMISSION GENEVA

C O N F I D E N T I A L KUWAIT 3972

GENEVA PASS BERGSTEN

E.O. 11652: GDS
TAGS: EFIN, KU
SUBJ: CONTINUED KUWAITI CONCERN ABOUT DOLLAR

REF: (A) STATE 171951, (B) KUWAIT 3873

1. APPRECIATE SUGGESTIONS REF A WHICH WE BRIEFLY REVIEWED WITH ABU SA'UD. HE HAS BEEN TIED UP WITH MEETINGS WITH THE AMIR AND FINANCE MINISTRY FOR PAST FEW DAYS (BUDGET IS IN ITS FINAL STAGES) AND WILL NOT BE ABLE TO LEAVE KUWAIT PRIOR BERGSTEN'S DEPARTURE FROM GENEVA JULY 14. HE MAY TRAVEL TO EUROPE LATER THIS MONTH AND SAID HE WOULD LET US KNOW SHOULD TRAVEL PLANS BECOME FIRM.

2. RE DOLLAR, ABU SA'UD EXPRESSED CONTINUED CONCERN, CITING TELEXES FROM MORGAN AND FIRST BOSTON WHICH HAD JUST REACHED HIS DESK JULY 11 PREDICTING CONTINUED TROUBLE FOR THE CARTER ADMINISTRATION WITH INFLATION IN THE U.S. AND POOR PROGNOSSES FOR THE DOLLAR. GERMAN MARK WAS AT "HORRIBLE" 2.03 TO DOLLAR, CONFIDENTIAL

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ABU SA'UD NOTED, SWISS FRANC AT "INCREDIBLE" 1.79 TO THE DOLLAR AND NORMALLY "LOUSY" FRENCH FRANC UP AT 4.39 TO THE DOLLAR. ABU SA'UD CLOSED CONVERSATION BY POLITE WISH FOR CONTINUED CONTACT ON THE SUBJECT.

3. COMMENT. CHOICE OF ADJECTIVES WAS UNCHARACTERISTICALLY STRONG FOR ABU SA'UD, A MAN OF UNDERSTATEMENT AND RESERVE. HE

DID NOT EVEN VENTURE PRO-FORMA HOPE THAT BONN SUMMIT MIGHT
LEAD TO SOMETHING, AND, GIVEN PESSIMISTIC PRESS PREDICTIONS,
ECONCHIEF DID NOT MAKE ANY OPTIMISTIC NOISES. LATEST ISSUE
(JULY 3) OF NORMALLY AUTHORITATIVE PETROLEUM INTELLIGENCE WEEKLY
STATES THAT GENEVA OPEC MINISTERIAL GAVE KUWAIT OIL MINISTER
SHAIKH ALI KHALIFA AL-SABAH "EXCEPTIONAL POWERS" TO CALL A
"SPECIAL MEETING ON DOLLAR EXCHANGE RATE COMPENSATION THIS YEAR"
IF DESIRED. THE NEED TO "DO SOMETHING" ABOUT THE DOLLAR HAS
BEEN A FAVORITE THEME OF SHAIKH ALI'S, AND WE EXPECT TO RECEIVE
AN EARFUL FROM HIM AFTER HIS EXPECTED RETURN FROM LONDON
IN MID-JULY. WE (AND SOPHISTICATED KUWAITIS) KNOW THERE IS
LITTLE THAT CAN BE DONE ABOUT SHORT TERM FLUCTUATIONS OF THE
DOLLAR, BUT WOULD APPRECIATE ANYTHING FURTHER DEPT. AND TREASURY
CAN PROVIDE TO BOLSTER US IN RESPONDING TO CONTINUED KUWAITI
LAMENTATIONS ON SUBJECT.
SUTHERLAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, DOLLAR, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KUWAIT03972
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780283-0489
Format: TEL
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780775/aaaaclax.tel
Line Count: 78
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d8fbce77-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 171951, 78 KUWAIT 3873
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2054088
Secure: OPEN
Status: NATIVE
Subject: CONTINUED KUWAITI CONCERN ABOUT DOLLAR
TAGS: EFIN, KU, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d8fbce77-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014